



The Minister of Petroleum & Mineral Resources
Government of the Federal Republic of Somalia
Mecca al-Mukarama Road
Ministry of Telecommunications and Postal Services Building
First floor, Right Wing
Mogadishu
Federal Republic of Somalia

For the attention of: HE Mohamed Ibrahim Mukhtar

By email mohamed323@hotmail.com

Cc Hassan Khaire, Executive Director, Africa, Soma Oil & Gas
hkhaire@somaoilandgas.com

28 April 2015

Dear Minister,

Additional Capacity Building Arrangements

We refer to the Seismic Option Agreement dated 6 August 2013 between the Government of the Federal Republic of Somalia (the "**Government**") and Soma Oil & Gas Exploration Limited ("**Soma**") (a wholly owned subsidiary of Soma Oil & Gas Holdings Limited) (the "**SOA**"); and the Capacity Building Arrangements letter dated 25 April 2014 from Soma to the Ministry of Petroleum & Mineral Resources of the Federal Republic of the Somalia (the "**Ministry**"). In this letter, terms defined in the SOA shall have the meanings given to them in the SOA and the provisions of clauses 1.2 to 1.8, 7, 10.7, 11, 15, 21, 22, 23 and 25 to 29 of the SOA apply equally to this letter.

1. Capacity Support Salaries

We understand that the Ministry requires additional financial support in order to perform its functions in relation to the Exploration Programme and under the Petroleum Law 2008 of the Federal Republic of Somalia, including the hiring and contracting of certain qualified technical staff, consultants and advisers, inside and outside of Somalia. This is due to the fact that the original capacity support provided by Soma which commenced in April 2014 has now been exhausted and the Ministry has no revenue yet.

- 1.1. According to the terms defined in the SOA and subject to the conditions of this letter and the letter dated 25 April 2014, Soma agrees to pay the salary costs of up to a \$30,000 per month for an additional six months from April 2015 to September 2015. Soma agrees therefore to pay additional capacity support not exceeding \$180,000 in total (the “**Additional Capacity Support**”).
- 1.2. The Ministry shall make a written request to Soma at least 7 days in advance of each payment under this side letter, providing details of the amount required and identifying in sufficient detail the use to which such funds will be put, including information required by paragraph 1.6 of the letter dated 25 April 2014. Each such written request shall be signed by the Minister of Petroleum and Mineral Resources.
- 1.3. Soma shall make the payments of the Additional Capacity Support, as agreed between Soma and the Ministry to be made pursuant to this letter, to the designated official bank account of the Government as follows:

| | |
|--------------------|---|
| Bank: | Central Bank of Somalia |
| Account Name: | Ministry of Petroleum & Mineral Resources |
| Account Number: | 1009 |
| Account Reference: | TR360001000864999022535001 |
- 1.4. The Government shall provide supporting information sufficient to allow Soma to confirm that the use of each payment made by Soma shall be as set out in this letter.
- 1.5. The Government shall provide [monthly] written reports to Soma in relation to the Capacity Support Salaries which reports shall provide the following information to Soma in respect of the Capacity Support Salaries:
 - 1.6.1 The names of the proposed technical staff, consultants or advisors, and the process followed by the Ministry in selecting such persons;
 - 1.6.2 The function, role and terms of reference for the position;
 - 1.6.3 The duration of the appointment; and
 - 1.6.4 A copy of the contract of employment for each proposed member of staff (whose salary costs are to be paid by Soma).
- 1.6. Each contract for services for each person contemplated by this letter shall be on terms and conditions that are in all material respects appropriate in relation to their role and status, according to the market in which the person is to perform their services.
- 1.7. Following the completion of expenditure by the Government of the Additional Capacity Support paid by Soma, the Ministry shall confirm in writing to Soma at the funds were used for the purpose set out in this letter.
- 1.8. The Government warrants and undertakes to Soma that it shall not enter into any contract or arrangement in respect of the provision of any service, thing real or personnel as contemplated by this side letter, with any party that may be defined as a “connected person”.

- 1.9. For the purposes of paragraph 1.9, "connected person" is any person, company, other organisation or legal entity directly or indirectly related to or connected to any member of the Government.
- 1.10. The Ministry confirms that they will comply with all relevant international Corrupt Practices Laws (as defined in clause 1.1 of the SOA) in connection with:
- 1.10.1. The execution of this letter, including the hiring and contracting of technical staff, consultants and advisors, inside and outside of Somalia;
- 1.10.2. The performance of its functions in relation to the Exploration Programme; and
- 1.10.3. Its other functions under the Petroleum Law 2008 of the Federal Republic of Somalia.

2. Future Repayment of Capacity Support payments

- 2.1. All Additional Capacity Support and Capacity Support payments actually made by Soma pursuant to this letter and the letter dated 15 April 2014 will be repaid by the Ministry once the Ministry has revenues.

Please confirm your acknowledgement and acceptance of the proposals set out in this letter by countersigning below and returning it to us.

Yours sincerely,

Signed by
Robert Sheppard
 Duly authorised for and on behalf of
Soma Oil & Gas Exploration Limited



 Chief Executive Officer

We acknowledge the proposals and terms set out in the above letter.

Signed by
H.E. Mohamed Ibrahim Mukhtar
 Duly authorised for ad on behalf of
The Federal Republic of Somalia by its
Ministry of Petroleum & Mineral Resources



 Minister of Petroleum & Mineral Resources

